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SIPDIS

SENSITIVE

DEPT FOR AIT/W, EAP/TC, INR/EAP

FROM AIT KAOHSIUNG BRANCH OFFICE

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TAGS: [ECON](#) [EFIS](#) [PHSA](#) [PGOV](#) [CH](#) [TW](#)

SUBJECT: KAOHSIUNG TRAVEL AGENTS CONTEND CHINA EXERTING CONTROL OVER
CROSS-STRAIT TOURISM

SENSITIVE BUT UNCLASSIFIED, PLEASE PROTECT ACCORDINGLY

REF: Taipei 1244

1. (SBU) Summary: Before the inauguration of weekend direct flights on July 4, there was a steady flow of Mainland tour groups traveling to Taiwan via a stop-over in a third-country. However, Kaohsiung travel agents reported to AIT/K that in negotiations with Mainland China to establish weekend direct flights, Taiwan authorities quietly agreed to disallow travel to Taiwan via a third-country for Mainland tourists and forced all Mainland tour groups to travel via direct flights. As of July 18, the travel agents contended that they were not allowed to bring Mainland tour groups via the third-country route by Taiwan authorities and since July 18, Mainland tourism in Kaohsiung has all but dried up. They maintained that China is now able to control which of its citizens can enter Taiwan and which travel agencies in China and Taiwan are allowed to participate in cross-strait tourism. According to them, China has excluded Kaohsiung travel agencies from participating in cross-strait tourism and pressured travel agents to ensure Mainland tourists spend little time in Kaohsiung, whose Mayor is part of the pro-independence Democratic Progressive Party (DPP). However, the Taipei Travel Agents Association Chair told AIT that Mainland tourist numbers were relatively low island-wide, not just in Kaohsiung. While the PRC should do more to facilitate Mainland tourist travel to Taiwan, he explained, Taiwan also needed to market the island's tourist attractions more effectively. End summary.

End of Third-Country Flights

2. (SBU) Before the inauguration of weekend direct flights, tourists from the Mainland visited Taiwan by transiting through a "third country" (usually Hong Kong or Macau) on their way to Taiwan. Kaohsiung travel agents arranged tour packages and tour guides to take them around Kaohsiung and Taiwan. It was rumored among travel agents in Kaohsiung that in negotiating the agreement to allow weekend direct flights, Taiwan agreed to disallow tour groups to travel to Taiwan via a stop-over in a third country. Taiwan travel agencies reported to AIT/K that they were told by Taiwan authorities to stop arranging travel for tour groups via a third-country stop-over by July 18, which according to them, has effectively forced all Mainland tour groups to travel via the direct cross-strait flights.

China Controls Who and How Many Visit Taiwan

13. (SBU) According to the Kaohsiung travel agents, tour groups that come via cross-Strait direct flights have to show Taiwan immigration officials a permit issued by their local government back home allowing them to travel to Taiwan. This gives the Mainland government the ability to select which of its citizens can travel to Taiwan. (Note: AIT/K confirmed with Kaohsiung Airport Immigration officials that permits issued by the Chinese government are required for entry into Taiwan.)

14. (SBU) While many KMT politicians blame the low number of tourists traveling to Kaohsiung on its inability to sell itself as a tourist destination, Kaohsiung travel agents refute that argument by pointing out that the number of Mainland tourists that came to Kaohsiung was higher before the era of weekend direct flights. Kaohsiung travel agents that spoke with AIT/K insisted that the Chinese government uses its power to deny or delay the issuance of permits to regulate how many visitors can travel to Taiwan and that they are purposely keeping the numbers low. They believe the Chinese government only agreed to the weekend direct flights so quickly in order to give face to President Ma but still wanted to be able tightly manage this new development in cross-Strait tourism.

Selecting Pro-China Travel Agencies in Taiwan

15. (SBU) China's control over cross-Strait tourism extends well beyond regulating the numbers of visitors able to travel to Taiwan, Kaohsiung travel agents asserted. They explained to AIT/K that the Chinese government has so far only approved 33 Mainland travel agencies to work with Taiwan travel agencies to arrange trips for tour groups. Many Taiwan travel agencies have applied with these

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Chinese travel agencies to bring over Mainland tour groups. However, most applications have been denied. So far, only applications from 21 Taiwan travel agencies have been approved. Travel agents in Kaohsiung compiled a list of the 21 travel agencies that have been selected to participate in hosting Mainland tour groups. They pointed out that every travel agency selected to receive tourists by China are based in Taipei. Many of them also had known close connections to the KMT and Mainland officials. As of yet, no travel agency outside of Taipei has been approved to receive cross-Strait tourists, a fact one local travel agent attributed to the Chinese Government's desire to limit dealings with businesses from independence-leaning areas.

Restricting Travel Destinations in Taiwan

16. (SBU) Kaohsiung travel agents indicated that the Chinese government's anti-DPP bias extended even into the selection of destinations Mainland tourists could visit. Other travel agents that have hosted Mainland tour groups told them that the Mainland government explicitly instructed the travel agents on which locations the tour groups could visit, which restaurants they should frequent, and which hotels they should use. As a result, tour groups typically spent only a day in the DPP-controlled city of Kaohsiung and rarely stayed the night, despite the fact that Southern Taiwan's best hotels are located in Kaohsiung. They claimed that Mainland tour groups used to spend more time in Kaohsiung back when they were free of Mainland government interference.

Response from Travel Agents in Kaohsiung

17. (SBU) These seemingly politically motivated restrictions have proved devastating for travel agencies in Kaohsiung. Many travel agencies said that they once solely depended on Mainland tourism, but now have to seek other sources of income while still attempting to win the approval of the Chinese authorities to participate in cross-Strait tourism. Few travel agents are publicly complaining for fear that they would be black-listed by the Chinese government and would lose any chance of attracting cross-Strait tourists in the future.

18. (SBU) Some travel agents have begun to file complaints with the

Taiwan Tourism Bureau, but they do so anonymously, faxing the papers from local 7-11 stores in order to avoid being identified. At the request of many travel agencies, a letter was sent in mid-July from Lai She-jen, President of the Across the Taiwan Strait Tourism Association, to China's Cross-Strait Tourism Exchange Association President Shao Qiwei. In the letter, Lai questioned China's apparent restriction of only dealing with travel agencies with political connections to the Chinese government. A response to the letter has not been received thus far.

¶9. (SBU) On August 5, local travel agencies met with a Taiwan Tourism Bureau official in Kaohsiung to voice their complaints about the lack of Mainland visitors in Southern Taiwan and the lack of equal and fair participation for travel agencies outside of Taipei. Travel agents in attendance told AIT/K that little progress was made since the Bureau's representative was only a mid-level official. Ultimately, the group decided to monitor the situation until early September. If no progress has been made by that time, then they will go to Taipei to hold a demonstration.

Rebutting Conspiracy Theory

¶10. (SBU) According to Taipei Association of Travel Agents (TATA) chairman Yao Ta Kuang, however, facilitating increased numbers of Mainland tourist visits is still a work in progress. In his view, the number of PRC tourist arrivals in Taiwan will gradually increase from two or three hundred per day to five hundred per day in the near future, and it is simply not realistic to expect the upper limit of 3,000 per day to be achieved immediately. Yao believes that Taiwan travel agents should increase their promotional efforts to attract additional Mainland tourists and does not believe that a perceived dearth of PRC visitors to Kaohsiung is linked to the fact that the city's mayor is a DPP member. According to Yao, Taiwan officials do not have a policy to disapprove Mainland tourists visiting Taiwan via third areas, including Hong Kong and

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Macau, as long as they carry travel documentation accepted by Taiwan. However, he continued, China has never approved travel by Mainland tourists to Taiwan via third areas.

Comment

¶11. (SBU) We were surprised to hear that Kaohsiung travel agents perceived that the Mainland was discriminating against them and their city. While this perception has not been reported in the media, it is widely known that the number of Mainland tourists visiting Taiwan has been disappointingly low (reftel). Local authorities have called on the government to press the PRC to facilitate Mainland tourist traffic to Taiwan. At the same time, they hope that Taiwan will increase spending on tourism promotion to stay competitive with most other economies in the region, which devote more resources to tourism. It is not clear how Kaohsiung Mayor Chen plans to address the paucity of Mainland tourists to her city. Given low Mainland tourist numbers and only one direct cross-strait flight operating out of Kaohsiung, she has focused her tourist promotion efforts on Japan and South Korea. She has been vocal in criticizing KMT authorities for not channeling more Mainland tourist traffic to southern Taiwan, a tack which she could use to bolster a likely re-election bid against a future KMT rival in 2010.

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